

POLUNSKY BEITEL GREEN

ATTORNEYS AT LAW

To: Clients and Friends of the Firm
From: Polunsky Beitel Green, LLP
Date: May 22, 2018
Subject: The Texas Department of Savings & Mortgage Lending in Sunset Review

In the State of Texas, all state agencies automatically cease to exist every twelve years unless they are continued by the legislature. The Texas Sunset Commission has recently released its [report](#), which recommends abolishing the Texas Department of Savings and Mortgage Lending (SML) and transferring its regulatory duties to the Texas Banking Department. The Sunset Commission has scheduled hearings for the Finance Commission of Texas and its agencies at 9:00am Thursday, May 24, 2018, in Room E2.030, Capital Extension, in Austin.

The Texas Mortgage Bankers Association, the Texas Bankers Association, and the Independent Bankers Association of Texas have all taken public positions opposing consolidation of these agencies and will be testifying at the hearing. I will also be offering testimony as the most recent previous Commissioner for SML (2007-2014), as well as the former Executive Director of the Finance Commission (2011-2014).

Key arguments against consolidation include: 1) there is no tax payer benefit, as the department is completely self-funded by the regulated entities, which have mostly indicated that they do not desire this change, 2) consumer protection responsiveness frequently suffers with larger agencies focused on broader agendas, 3) Banking Department current fee schedules are equal to, or higher than, SML fees, with no commitment for projected cost savings to go to those paying the required fees.

Further updates will be provided regarding the testimony provided and any issues raised during the hearing. A vote on the report will be taken by the Commission during their August 29-30, 2018 scheduled meeting. More details on how interested parties can become involved in this process are available from the respective trade associations mentioned above.

Below is a list of the Texas Sunset Commission Members

Senate Members

Brian Birdwell, Chair	Granbury
Robert Nichols	Jacksonville
Kirk Watson	Austin
Dawn Buckingham	Lakeway
Bob Hall	Canton
Emily Pataki, Public Member	Cedar Park

House Members

Chris Paddle, Vice Chair	Marshall
Dan Flynn	Van
Senfronia Thompson	Houston
Stan Lambert	Abilene
Poncho Nevarez	Eagle Pass
Ronald Steinhart, Public Member	Dallas

If you have any questions regarding the Sunset process or other regulatory issues please contact me.

Sincerely,

Doug Foster
Director of Regulatory Affairs
Doug.Foster@mortgagelaw.com